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NATIONAL COMMUNICATIONS FROM PARTIES INCLUDED IN ANNEX I TO THE CONVENTION

THIRD NATIONAL COMMUNICATIONS: REVIEW AND THE ROSTER OF EXPERTS

Status report on in-depth reviews

Note by the secretariat

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I. INTRODUCTION

A. Mandate

1. In accordance with Article 12 of the United Nations Framework Convention on Climate Change (hereafter referred to as "the Convention") each Party is required to communicate to the Conference of the Parties (COP), through the secretariat, information related to the implementation of the Convention.

2. By its decision 9/CP.2,[1] the COP requested the secretariat to conduct a review of the second national communications, applying the procedures, defined in decision 2/CP.1,[2] which, *inter alia*, require the subsidiary bodies to take into consideration the in-depth review reports (IDRs).

B. Scope of the note

3. The present note summarizes the final results of these reviews, including the review process, and is intended to facilitate the consideration of the IDRs and the conduct of in-depth reviews of the third national communications to be submitted by Annex I Parties, in accordance with decision 11/CP.4,[3] by 30 November 2001.

4. At the time this note was prepared, the secretariat had completed the review of second national communications from Annex I Parties. This included 34 country visits and publication of the corresponding IDRs. The compilation and synthesis report on second national communications from Annex I Parties is contained in document FCCC/CP/1998/11 and Add.1-2. Interim reports and assessments of in-depth reviews of the second national communications are contained in documents FCCC/CP/1998/4 and FCCC/SBI/2000/3.

5. The present note is based on the information contained in the second national communications and in the IDRs. It also draws upon the report of the workshop on the preparation of the third national communications from Annex I Parties held in Bonn from 28 February to 2 March 2001 (FCCC/SBI/2001/INF.4), the technical paper on comparison of greenhouse gas emission projections (FCCC/TP/2001/1) and the report on the national greenhouse gas inventory data from Annex I Parties for 1990-1999 (FCCC/SBI/2001/13).

6. The note summarizes the experience gained during the in-depth reviews. It highlights some trends observed in the implementation of policies and measures and also briefly describes other commitments, with emphasis on new information. The note mainly refers to information on new policy initiatives launched after the second national communications were published, many in response to the adoption of the Kyoto Protocol in 1997.

C. Possible action by the SBI

7. The SBI may wish to consider the information contained in this report together with information from the IDRs of the second national communications from Annex I Parties, with a view to endorsing the results of in-depth reviews contained in the IDRs and the compilation and

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[1] For decisions of the Conference of the Parties at its second session, see FCCC/CP/1996/15/Add.1.

[2] For decisions of the Conference of the Parties at its first session, see FCCC/CP/1995/7/Add.1.

[3] For decisions of the Conference of the Parties at its fourth session, see FCCC/CP/1998/16/Add.1.

synthesis report. It may also wish to provide guidance to Parties and the secretariat on the consideration of the results of the review of third national communications by the subsidiary bodies and the COP.

8. In-depth reviews of the national communications due by 30 November 2001 are scheduled to take place in 2002-2004. The compilation and synthesis report could be prepared for consideration by the COP at its eighth session. The SBI may wish to confirm the timing of the review and the report and recommend it to the COP for its approval.

9. The SBI may wish to provide guidance on how information from the IDRs and national communications should be considered. For example, information and analysis contained in the individual IDRs could be considered and assessed individually or collectively after in-depth reviews have been completed. This would enable the subsidiary bodies to implement decision 2/CP.1 in full. To facilitate such consideration, the SBI may wish to consider convening an ad-hoc group of experts on Annex I communications. This group could examine the information from several IDRs as they become available and forward its main findings to the SBI. Alternatively, a limited number of workshops devoted to consideration of the results of the review could be conducted in 2003-2004. A combination of the above approaches could also be envisaged.

10. The SBI may also wish to consider how the in-depth review teams could bring forward to the subsidiary bodies and the COP information on specific issues related to the implementation of the Convention, identified during the review. In addition to enriching the Convention process, this could assist those Parties that intend to ratify the Kyoto Protocol in their preparation for reporting on demonstrable progress under Article 3.2 of the Protocol.

II. CONDUCT OF THE REVIEW

11. The in-depth review teams reviewed the key qualitative information and quantitative data contained in the second national communications. They thoroughly assessed the information contained in these communications, including that on policies and measures, against Convention objectives and assessed the extent to which progress towards these objectives had been achieved. Moreover, they assessed and described in the IDRs expected progress in the limitation of emissions of greenhouse gases by sources and the enhancement of removals by sinks.

12. The usefulness of the in-depth reviews was acknowledged during the reviews, at the meetings of the subsidiary bodies and at the workshop on the preparation of the third national communications from Annex I Parties. The contribution of the reviews to improvements in the quality of the national communications, their valuable capacity building component and the high quality of the resulting reports were also noted.

13. Review visits made it possible for the host country officials to explain the elements of their climate policies in more detail and to provide a wealth of background information which supported the analysis given in the national communications. The review teams, in turn, helped to identify problematic areas and to address them by providing a thorough technical analysis of the main issues identified during the visit. The discussions during the visit helped to stimulate the in-country debate on the efficiency and effectiveness of different policy approaches.

14. In accordance with the provisions of decision 2/CP.1, the IDRs were prepared using a non-confrontational language without specific policy recommendations. However, the language

used in the reports on the review of the second national communications allowed clear identifications of the strengths and weaknesses of the different approaches taken by Annex I Parties. These reports also pointed to the gaps in policy formulation and implementation, as well as to omissions in reporting.

15. Capacity building was an important element of the reviews. The review process provided an opportunity for most of the experts involved (more than a hundred in total) to learn from the experience gained in policy implementation of the countries being reviewed and also to share the experience of their respective countries. The experience gained was particularly useful for those experts who were later involved in the preparation of national communications of their country.

16. In most of the reviews, the review teams were provided with a wealth of information on action taken after the publication of the second national communication and with additional analysis which supported the climate change policy process. The IDRs reflected most of this information and analysis and in this context they can be seen as interim reports providing an overview of the climate policy of Annex I Parties after the publication of the national communications.

III. SUMMARY OF THE IN-DEPTH REVIEW FINDINGS

A. Reporting of information

17. In general, it was noted in the IDRs that information provided in the second communications was of higher quality than in the first ones, that it was better structured and easier to analyse. This was partly due to better adherence to the reporting guidelines. Many Parties acknowledged that an in-depth review of their first national communication helped them to mobilize additional resources and expertise in preparing their second national communication, which overall contributed to the improved quality of the second national communication. Review of all second national communications helped in turn to strengthen the analysis, enhance reporting of information and will no doubt improve the quality of the third national communications.[4]

18. Reporting of information in some sections of the national communications could be improved further, in particular the information on the total effect of policies and measures, the effects of individual policies and measures, projections with a consistent approach to the definition of different types of scenarios reported, as well as reporting on financial resources and the transfer of technology. While the new reporting guidelines for the preparation of national communications by Annex I Parties adopted by COP 5[5] should help to improve reporting, other issues will require more effort and methodological work, e.g. estimation of effects of policies and measures.

B. Overview of the reports

19. The IDRs highlighted the obvious fact that much more information was made available to the review teams than it was possible to include in the national communications. Approaches to address climate change did not change much in terms of their scope and coverage by sector in the period between the publication of the first and the second national communication. However, in

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[4] See FCCC/SBI/2001/INF.4.

[5] See FCCC/CP/1999/7.

a number of the IDRs, it was possible to describe major policy initiatives launched after COP 3. This included broadening the range and improving the balance of the policy instruments used and, especially, increasing the role of economic instruments. In some Annex I Parties, a shift from voluntary agreements (when they did not fully deliver the expected results) to regulatory and fiscal-based approaches was noted.

20. Many Parties demonstrated the tendency to integrate broad national climate change objectives into sectoral policies. Some also moved towards developing integrated climate strategies with specific emission reduction targets, taking into account mitigation and to some extent adaptation activities. In the preparation of these strategies governments usually sought consensus through public consultations with the main stakeholders. The IDRs often mentioned efforts aimed at strengthening the institutional framework.

21. Carbon/energy taxation reported by several Parties continued to be among the few measures implemented primarily to mitigate climate change. A number of countries moved to a comprehensive "green" tax reform. In some cases, the tax revenue was partly or fully recycled within the sector and tax exemptions were offered to a large number of energy-intensive industries under the condition that they would conclude voluntary agreements to improve energy efficiency. This was seen as a means of partially addressing the concern over competitiveness of industries subject to carbon/energy taxation.

22. While only a few Parties reported on the impact of energy market liberalization on their GHG emission trends, the IDRs provided additional information on other Parties starting to implement this policy and its expected impact. Most of the IDRs noted that the deregulation of the electricity and gas markets is a complex and lengthy process which depends on the national context, approaches adopted and prevailing energy prices. To secure environmental objectives in this process, some countries have given special consideration to the introduction of carbon quotas to minimize production from the old emission-intensive plants and the establishment of a "green" electricity market.

23. Reducing emissions from transport remained a challenge for all Annex I countries. The IDRs suggested that while reducing the GHG emissions from transport was seen as one of the long-term objectives for the transportation sector along with transport accessibility, quality, safety and the minimization of environmental impact, few policies were implemented exclusively to address GHG emissions, e.g. carbon/energy tax. Spatial planning was also emphasized as a tool to promote effective, safe and environmentally safe transport and hence to limit the emissions originating from it.

24. Voluntary agreements chiefly aimed at improving energy efficiency continued to be the most frequently reported policy instruments used to mitigate emissions from industry. These agreements worked well in countries with strong central associations of industries, where these agreements, supported by additional policies such as subsidies for research, development and pilot projects, tax breaks for energy efficiency investment and information services, brought significant emission reductions.

25. The IDRs suggested that countries are using a broad portfolio of policy instruments to promote different forms of renewable energy sources. These included tax credits for electricity produced from wind and biomass, subsidies, grant schemes, support for research and development, and the internalization of external costs in prices. In the residential, commercial

and institutional sectors emission reductions were achieved mainly by improving energy efficiency. A limited number of policies were reported for the agriculture sector in both the second national communications and in the IDRs, since it was an important source of emissions for only a few countries. Analysis of the mitigation approaches in this sector provided in the IDRs suggested that Annex I Parties were striving to identify effective climate-related measures, while improving agricultural productivity and tightening air and water pollution control.

26. Vulnerability and adaptation was one of the areas where significant progress has been made and much more information reported in the second national communication compared to the first one. The main efforts of Parties were directed towards systematic assessment of climate change impacts in most of the relevant sectors by using scenarios from the IPCC Second Assessment Report and from other sources. Steps taken so far on adaptation were mostly limited to preparing plans for future action.

27. Financial assistance and technology transfer were an area in which the IDRs helped to clarify the reasons for existing gaps in reporting. Many IDRs indicated a better understanding of the distinction between "soft" and "hard" technologies in a number of Parties. Information contained in the IDRs suggested that Annex I Parties were making an effort to provide developing countries with financial resources and to support specific mitigation and adaptation projects.

IV. CONSIDERATION OF INFORMATION

28. As can be seen from the above, national communications and corresponding IDRs provided Parties with sufficient information to draw conclusions about the likelihood of Annex I Parties meeting their commitments under Article 4.2 (a) and (b) of the Convention. The review process also allowed Parties to become aware of efforts by individual countries aimed towards these commitments.

29. Parties were provided with periodic reports by the secretariat on the progress of the in-depth review process. The consideration of national communications from Annex I Parties was regularly put on the agenda of both the Conference of the Parties and the SBI.

30. Nevertheless, the process of consideration could be further enhanced. Discussions on the national communications of Annex I Parties at the sessions of the COP and the SBI were by necessity limited by full agendas and resulting time constraints. It might therefore be advisable to complement and strengthen the consideration of issues related to national communications from Annex I Parties by the SBI and the COP.

31. The consideration of national communications could be advanced, for example, by convening an adhoc group of experts which would examine the information from a number of the published IDRs and forward its main findings to the SBI. The consideration of individual communications and/or IDRs could also be an option. A limited number of workshops could be envisaged to discuss and analyse information contained in both national communications and IDRs. In addition to providing an early assessment of the implementation of Convention commitments by Annex I Parties, this could also assist Parties that intend to ratify the Kyoto Protocol to be better prepared for reporting on demonstrable progress in accordance with Article 3.2.

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